SERVICE MASTER (M) SDN BHD

v.

MHL SERVICEMASTER SDN BHD & ANOR

HIGH COURT MALAYA, KUALA LUMPUR
RK NATHAN JC
[SUIT NO: D5-22-555-1995]
14 JULY 1997

TRADE MARKS: *Passing off - Similarity in trade names - Whether there was goodwill and reputation - Whether there was likelihood of confusion and damages*

TRADE MARKS: *Registered trade mark - Application for expungement under Trade Mark Ordinance - Whether plaintiff aggrieved person - Whether trade mark used for continuous period of three years - Whether there was conflict in terms of goods or business*

The case before the court was a consolidation of a claim and an originating motion of the plaintiff.

The plaintiff brought a claim against the 1st defendant for passing off in respect of the use of the trade mark "Service Master". The 2nd defendant sought to be included in the suit and counterclaimed for a declaration that it was the sole and exclusive owner of the trade mark "Service Master". Subsequently, the plaintiff filed a motion to remove the 2nd defendant's trade mark of "Service Master" from the Register of Trade Marks for non-use. It was the plaintiff's case that the 1st defendant changed its name to MHL Servicemaster Sdn Bhd without the consent or approval of the plaintiff and that the resulting confusion between the two similar names would potentially cause the plaintiff to suffer loss in respect of damage to its goodwill. It was the 1st defendant's case that the 2nd defendant was the first to use "Service Master" as a trade mark and name in Malaysia and also that its trade name was dissimilar to that of the plaintiff. The issues before the court were: (i) whether the plaintiff had established that there was a passing off; (ii) whether the trade mark of the 2nd defendant could be expunged from the Register of Trade Marks; and (iii) whether the 2nd defendant's counterclaim could be allowed.

Held:

[1] In the law of passing off, the ingredients of goodwill and reputation have to be considered. While goodwill requires business activity, reputation means being renowned without necessarily having a business reputation. There must be misrepresentation and the likelihood of confusion, and the plaintiff must have suffered damage or the possibility of damage.

[1a] In the instant case, the plaintiff was able to show a business presence confined to the field of air conditioning but had failed to show a goodwill and reputation in the trade of the provision of management and healthcare services. It had not shown a goodwill and reputation in the "Service Master" name that was required in passing off cases.

[1b] In the law of passing off, there must be distinctiveness, attached to the use of the trade name to the exclusion of other traders. It is the significance that the relevant public attaches to the supposed mark which is all important. The plaintiff's name by its tie-up with another company had lost its distinctiveness and it was unable to show to which name the public attached significance and whether it still had that significance.

[2] A purely descriptive term may, by a course of dealing over many years, become so associated with a particular trader that it acquires a secondary meaning, such that it may properly be said to be descriptive of that trader's goods and of his goods alone. The words "Service Master" were descriptive of the plaintiff's business, but he had failed to show that its name had acquired this secondary meaning.

[2a] There was no evidence from the plaintiff to show that the public would think that the defendant was the plaintiff. The defendant's name was preceded with the letters "MHL" which stood for Medical Hall Limited.

[3] In passing off cases, the true basis of the action is that the passing off by the defendant of his goods as the goods of the plaintiff has injured the right of property of the plaintiff; that right of property being his right to the goodwill of his business. If the goodwill of a man's business has been interfered with by the passing off of goods, damage results therefrom. He can bring an action as soon as he can prove the passing off because it is one of the class of cases in which the law presumes that the plaintiff has suffered damage.

[3a] There was no likelihood that the plaintiff might suffer damage and as the plaintiff had failed to establish the tort of passing off, the plaintiff's claim had to be dismissed.

[4] In an application for the expungement of a trade mark from the Register of Trade Marks, the applicant must show that he is an aggrieved person and that throughout a continuous period of three years, up to a month before the date of the application, the trade mark was not used in good faith in relation to those goods or services by the registered proprietor of the trade mark.

[4a] The plaintiff was not an aggrieved person, as there was no possible or practical damage to the plaintiff if the trade mark was allowed to remain in the register. The trade mark of the 2nd defendant was registered in respect of cleaning and renovating preparations for room furnishings and interiors of buildings. The plaintiff being in a different business, there would be no conflict in terms of the goods as well as in the field of business activity.

[5] The 2nd defendant could not substantiate its counterclaim as there was no evidence of business activity involving the name of "Service Master" in Malaysia until after the plaintiff's writ.

[Plaintiff's claim and application dismissed; 2nd defendant's counterclaim dismissed; each party to bear own costs.]

Cases referred to:
Besalon International Limited & Ors v. South Strong Industries Sdn Bhd [1997] 1 CLJ Supp 335 ***(refd)***
Brewster Trading v. Rocky Mountain Tours & Transport [1931] 1 DLR 713
Compagnie Generale Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd [1996] 2 BLJ 519
Crusader Oil NL v. Crusader Minerals NZ Ltd [1984] 3 IPR 171
Draper v. Trist and Tristbestos Brake Linings, Ltd [1939] 56 RPC 429 ***(refd)***
Imperial Group Plc & Anor v. Philip Morris Limited & Anor [1984] RPC 293 ***(refd)***
Lim Yew Sing v. Hummel International Sports & Leisure A/S [1996] 4 CLJ 784 ***(refd)***
Reckitt & Colman Products Ltd v. Borden Inc & Ors [1990] 1 All ER 873 ***(refd)***
Reddaway v. Banham [1896] AC 199 ***(refd)***
Wright, Crossley & Co TM [1898] 15 RPC 131
Yomeishu Seizo Co Ltd & Ors v. Sinma Medical Products (M) Sdn Bhd [1996] 2 BLJ 142 ***(refd)***

Legislation referred to:
Trade Marks Act 1976, s. 46(1)(b)

Other source referred to:
The Law of Passing Off, Christopher Wadlow, 2nd edn, p 348

For the plaintiff - Hari Ram (Rohan Sankey with him); M/s Paul Chong & Kraal
For the defendants - Ambiga Sreenevasan (David Oh with her); M/s Skrine & Co

JUDGMENT

RK Nathan JC:

The Claims

The plaintiff filed a writ D5-22-555-95 (the D5 suit) against the 1st defendant for passing off in respect of the use of the "Service Master" trade name and sought various consequential and other injunctive reliefs. The 2nd defendant applied to be made a party to the D5 suit. Although the plaintiff objected, the court granted the said application. The 2nd defendant counterclaimed for a declaration that it was the sole and exclusive owner of the name/mark "Service Master" and for consequential injunctive and other reliefs.

The plaintiff then subsequently filed an Originating Motion No. D1-21-1-96 (the D1 suit) for the purpose of removing the 2nd defendant's trade mark "Service Master" from the Register of Trade Marks for non-use.

An order for consolidation of both the D5 and D1 suits was granted on 25 July 1996.

Plaintiff's Case

The plaintiff was involved in the business of contracting for mechanical and electrical air-conditioning systems, and servicing, repair, energy management, in commercial and institutional buildings, especially in the provision of air-conditioning systems and electrical installations. The plaintiff's business activities also covered systems upgrading and retrofitting. On 31 October 1992, the plaintiff formed a partnership with ESYS-Montenay (ESYS), a well-established French multi-national company with a world-wide reputation specialising in the fields of energy management and environmental management.

PW1, the executive chairman of the plaintiff, testified that the plaintiff's trade name was chosen independently of any outside influence. It was created by him. He had started his career as a school teacher and was referred to over the years as a master or tutor. The combination of his profession and his experience in the field of air-conditioning led to the creation of the name "Service Master", that is, service with a master touch. He had suggested this name to the promotor of the plaintiff company, Encik Ramli bin Esa. Furthermore, PW1 testified in cross-examination that he had not visited the United States of America until 1995. He therefore did not know of the 2nd defendant when the plaintiff's name was coined. This name was registered with the Registry of Companies and the plaintiff is currently involved in installing, servicing and maintaining air-conditioning systems for many prominent

businesses throughout Malaysia. The plaintiff asserted that since its incorporation in 1989, it has established strong goodwill and reputation through its business operations involving both the government and the private sector.

The plaintiff claims that through the adoption of the business name MHL Service Master Sdn Bhd, which is virtually identical to the plaintiff's company name, the 1st defendant had passed off and/or attempted to pass off its business for the business of the plaintiff. It was pointed out that on or about 14 July 1994, the 1st defendant changed its name from Apex Pharmacy (Perak) Sdn Bhd to MHL ServiceMaster Sdn Bhd. This, it was said, was done without the consent or approval of the plaintiff. Although the plaintiff had written to the Registry of Companies that it remove or delete the name of the 1st defendant from the Register of Companies, the registrar had refused to do so.

It was the plaintiff's case that resulting confusion between the two similar names would potentially cause the plaintiff to suffer an actual loss with respect to the damage to its goodwill. It was pointed out that if both parties bid for the same service contract, the party determining who the successful bidder should be might potentially confuse the plaintiff's and the 1st defendant's bids resulting in a loss of business for the plaintiff. Further there was a probability that in the future, the plaintiff and the 1st defendant might engage in a common field of activity. It was shown that even DW1 had confirmed the potential for confusion in his testimony.

The plaintiff is seeking an injunction to prevent the 1st defendant from using the trade name "Service Master". It is also requesting that the trade mark M/B47426 registered by the 2nd defendant be expunged from the Register of Trade Marks for non-use. Further the plaintiff is also claiming costs, damages and an order for accounts of profits to be assessed by the Registrar.

Defendants' Case

The 1st defendant's case is that the change of name on 14 July 1994 to MHL ServiceMaster Sdn Bhd was done with the consent and/or licence of the 2nd defendant. The 1st defendant therefore denies the requirement of consent or approval from the plaintiff to use the "Service Master" trade name. It is the case of the 1st defendant that the 2nd defendant was the first to use "Service Master" as a trade mark and name in Malaysia. The 1st defendant claims that by reason of the 2nd defendant's alleged long use overseas and in Malaysia, the mark is distinctive of itself to the exclusion of all others. Hence the 1st defendant claims that the use of "Service Master" in its trade name was not done *mala fide* to misappropriate the plaintiff's goodwill and reputation. The 1st defendant also claims that its trade name, MHL ServiceMaster Sdn Bhd, is sufficiently dissimilar to that of the plaintiff's to cause any confusion.

Furthermore, the 1st defendant claims that the plaintiff and the defendant are in different fields of business activity.

The 2nd defendant is counterclaiming for a declaration that it is the sole and exclusive owner of the mark "Service Master" and the goodwill and reputation subsisting in the same in respect of the provision of support management services particularly in the area of healthcare facilities in hospitals and the like in Malaysia and the products used in relation to the same. It also seeks an injunction to restrain the plaintiff from using the "Service Master" word or any similar variation of it as a trade mark and/or name and/or service mark in Malaysia. With regard to the origin of the name "Service Master" the defendants say that the founding fathers of the 2nd defendant, Marion E. Wade, Robert L. Wenger Sr, and Kenneth H. Hansen were devout Christians. The name "Service Master" was coined from the two concepts of "Master of Service" and "Servicing the Master". They saw themselves as working for God and were therefore servants of the Master.

Plaintiff's Case Only Against 1st Defendant

After the 2nd defendant applied to include itself as a party, the plaintiff did not amend its statement of claim to proposition a claim against the 2nd defendant. The plaintiff merely filed a reply and defence to the counterclaim of the 2nd defendant. In the circumstances it is my judgment that the plaintiff's case is confined only against the 1st defendant.

Background Of The 1st Defendant

From the evidence adduced I find that the 1st defendant is a wholly owned subsidiary of MHL ServiceMaster Pte Ltd, a Singapore company. United Engineers Ltd, a Singapore based company is the holding company of a company in Singapore called Medical Hall Limited (MHL). MHL ServiceMaster Pte Ltd comes under the umbrella of MHL. United Engineers Ltd also bought majority control of Apex Pharmacies of Singapore. The 1st defendant was formally known as Apex Pharmacy (Perak) Sdn Bhd and is a wholly owned subsidiary of Apex Pharmacy Sdn Bhd. In 1994 United Engineers Ltd (Singapore) decided to use Apex Pharmacy (Perak) Sdn Bhd to provide ServiceMaster services and later effected a change of name from Apex Pharmacy (Perak) Sdn Bhd to that of the 1st defendant.

MHL ServiceMaster Pte Ltd (ServiceMaster Singapore)

This company was formerly known as McAlister ServiceMaster (S) Pte Ltd. It commenced its ServiceMaster business in Singapore in 1988. In 1994 it changed its name to MHL ServiceMaster Pte Ltd. The word "ServiceMaster" was always used. In October 1996, this company achieved ISO 9002

certification for its ServiceMaster services in Singapore. The extent of the ServiceMaster business done by the Singapore company is further evidenced in the documents in the Common Agreed Bundle of Documents Volume 17 (CABD 17) which consist of agreements and correspondences up to 1995 pertaining to management services in healthcare to hospitals in Singapore and to two hospitals in Malaysia.

ServiceMaster Singapore And The 2nd Defendant's Presence In Malaysia

The first time ServiceMaster Singapore did business in Malaysia was when it supplied products to Apex Pharmacy Sdn Bhd in 1990. The ServiceMaster brochures were distributed in Singapore since 1988 and in Malaysia since 1990. The volume of business done in Malaysia by the 1st defendant and/or ServiceMaster Singapore, from 1993 to 1995 was RM395,823, for 1996 it was RM3.62 million and for 1997, RM23 million. The invoicing for the work was done by ServiceMaster Singapore.

From 15 May 1990 onwards there was correspondence evidencing the reputation of ServiceMaster in Malaysia. These can be found at pp. 153 to 177 of CABD 14 and pp. 43 to 48 of CABD 21. At CABD 14 are correspondences containing *inter alia* enquiries from various parties interested in doing business with the 2nd defendant. This dates back to 1990. At CABD 21 are correspondences relating to privatisation of the Malaysian hospitals. A company called Anikatek Sdn Bhd, which is involved in the service industry covering water, sewage systems and other services, wrote to the Economic Planning Unit (EPU) under the Prime Minister's Department (letter dated 21 May 1991, p. 43 of CABD 21) regarding the privatisation of non-medical services and referred to a joint venture with McAlister ServiceMaster (S) Pte Ltd. The said letter is self-explanatory of the goodwill and reputation of ServiceMaster Singapore, and the 2nd defendant in Malaysia.

Sometime in 1993, DW2 attended a tender briefing for the hospital privatisation project and that was when the plaintiff came to know of ServiceMaster, Singapore.

On 15 October 1993 a memorandum of understanding (MOU) was entered into between the Land and General Group, Malaysia, Medical Hall Limited, Singapore (MHL) and The ServiceMaster Company, USA to tender for the privatisation of hospital support services for the Ministry of Health in Malaysia. On 15 September 1994, ServiceMaster Singapore entered into an agreement for the provision of management services to The Southern Hospital, Malacca and The Southern Hospital, Batu Pahat. The Healthcare Division of United Engineers Limited owns 51% shareholding in The Southern Hospital Malacca and Batu Pahat.

On 16 June 1994 pursuant to an enquiry, McAlister ServiceMaster (S) Pte Ltd sent to the Faber Group a letter enclosing information regarding the ServiceMaster Company after a meeting held with them. An MOU was signed in August 1994 with the Faber Group.

The 2nd Defendant

In 1929, one Marion E. Wade set up a moth-proofing business. During this time he developed carpet cleaning solutions and built a reputation for quality of service and integrity. In 1947 Marion E. Wade wanted to form a larger company and together with one Robert L. Wenger Sr and Kenneth N. Hansen, incorporated Wade, Wenger & Associates. In 1950 Wade, Wenger & Associates began to license others to use its professional cleaning systems. ServiceMaster franchises were established across USA and Canada. In 1961 Wade, Wenger & Associates changed its name to Wade, Wenger ServiceMaster Co. In 1964 ServiceMaster products were sold in Malaysia through the Carpet Manufacturing Company (Malaysia) Sdn Bhd. In 1967 Wade, Wenger ServiceMaster Co changed its name to ServiceMaster Industries Inc. In 1986 the 2nd defendant became a limited partnership under the name "The ServiceMaster Company Limited Partnership". In 1988 the 2nd defendant signed a license agreement with a Singapore company named McAlister ServiceMaster (S) Pte Ltd appointing it as the master licensee of the 2nd defendant for the region of Asia excluding Japan.

Relationship Of The 1st Defendant To ServiceMaster Singapore

It is evident that most of the business in Malaysia had been conducted by MHL ServiceMaster Pte Ltd from Singapore and that the 1st defendant officially commenced operations much later. Most of the business was conducted through United MHL (Malaysia) Sdn Bhd, a wholly owned subsidiary of the 1st defendant. Copies of invoices issued to and by United MHL (Malaysia) Sdn Bhd can be found at pp. 40-44 of CABD 9. Even the plaintiff has in its submission taken the position that the 1st defendant had commenced business only after the commencement of proceedings. It is my finding that prior to this, the business in Malaysia from 1994 was in reality conducted by the Singapore company. However, the setting up of the business in Malaysia commenced after the acquisition of Apex Pharmacy (Perak) Sdn Bhd in 1994.

Since the plaintiff's claim is only against the 1st defendant and since it is the case of the plaintiff that no business was commenced by the 1st defendant until after the filing of this writ, I therefore hold that this claim must fail in *limine* against the 1st defendant.

The plaintiff's statement of claim sets out at para. 12 the particulars of passing off, namely:

> The Defendant and/or its servants or agents have on or about 14.7.94 changed or caused to be changed their registered name from "APEX PHARMACY (PERAK) SDN BHD" to "MHL SERVICEMASTER SDN BHD" as part of the name of the Defendant without the consent or approval whatsoever of the Plaintiff.

Apart from the above averment, the plaintiff also states at para. 19 of the statement of claim that the 1st defendant deals in identical fields. These I find are the only two facts relied on as acts of passing off.

It is in evidence that the first time that PW1 had heard of the ServiceMaster Company was at the tender briefing in October 1993 and that all the enquiries of the plaintiff only commenced after this. It is obvious to me from the evidence that the plaintiff has confused the 1st defendant with ServiceMaster Singapore. The cause of action against the 1st defendant could not, by the plaintiff's own admission, have arisen until after the 1st defendant's commencement of business. In the law of passing off basically three ingredients must be present, namely, goodwill, misrepresentation and damage. Even assuming the plaintiff can prove goodwill, then if the 1st defendant has not commenced business until after the issuance of the writ as contended by the plaintiff, then the plaintiff's claim must fail as the second and third ingredients are not present. The sole act of changing its name cannot constitute an act of passing off. In *Crusader Oil NL v. Crusader Minerals NZ Ltd* [1984] 3 IPR 171 it was held that the relevant date was not the date of incorporation of the defendant under the offending name, but the date it commenced activities in the public arena.

Plaintiff's Failure To Establish Passing Off

In *Compagnie Generale Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd* [1996] 3 AMR 4015; [1996] 2 BLJ 519 I had delved in depth into the ingredients necessary to establish a case of passing off. Although the words goodwill and reputation are often used interchangeably there is in law a difference. Goodwill requires business activity. Reputation is, being renowned without necessarily having a business reputation.

(a) Failure To Establish Goodwill And Distinctiveness In The Name

The evidence necessary to establish this can be obtained from evidence relating to sales and turnover, and turnover within the jurisdiction, from evidence of advertising and the extent, nature and frequency of such advertisements, from

oral or affidavit evidence of persons who have bought or have dealt in or know the plaintiff's product, from evidence relating to the number of branches or outlets for the plaintiff's products or business and their geographical spread, from evidence relating to the length of time over which the plaintiff has traded and/or advertised his products or business, and from evidence of any exhibitions or shows at which the plaintiff has promoted its product.

The evidence relied on by the plaintiff in this case to prove goodwill rested on showing, that it was incorporated on 16 March 1989, its turnover, the various air-conditioning and installation contracts it has with Government agencies and other organisations, the government licences it has, its authorisation to sell certain products including Carrier and its association with ESYS-Montenay.

The defendants launched a clear challenge to the plaintiff's claim to goodwill and reputation by pointing out that the evidence showed a business presence which is restricted to the air-conditioning installation and maintenance business. It does not show a goodwill and reputation in the "Service Master" name as is required in passing off cases. In fact under cross-examination DW1 unequivocally admitted that in respect of CABD 7 pp. 1-11 which showed that the plaintiff had appointed three dealers, the agreements showed that the plaintiff was in fact promoting the dealers' products under their own respective trade marks and not under the plaintiff's. It is therefore clear that the "Service Master" name was not used to promote the products. Furthermore, although the turnovers are as reflected in the plaintiff's submission, yet despite being in business for so many years, the plaintiff's business showed no sign of breaking even.

I have also considered the entry of ESYS-Montenay into the fray. The plaintiff relied heavily on the joint-venture with ESYS-Montenay and pointed out that by virtue of its association with ESYS-Montenay the plaintiff has acquired a wider base in Malaysia and increased its clientele because of the international operations of ESYS-Montenay. However the Montenay report for 1994 (CABD 1 p. 381) states as follows:

> The Group is present in Malaysia through **a small structure**, the "ServiceMaster" Company, operative in the domain of the installation and maintenance of air-conditioning systems. (emphasis provided)
>
> Market interest in energy and environmental management remains limited, despite certain timid signs under government impulsion.

It is obvious that the business through the plaintiff is not substantial by Montenay's standards. When questioned on this, PW2's chameleon-like answer was: "It might be a small business but strategy wise it's big for us". If I am

to accept the suggestion that the plaintiff benefitted with ESYS-Montenay entering into the joint-venture then there is nothing to prevent me from also accepting the defendant's argument that ESYS-Montenay in fact sought to benefit from their own name and the 2nd defendant's ServiceMaster name. PW2 admitted under cross-examination that ESYS-Montenay do not use the name ServiceMaster anywhere else in the world.

It is my finding that since by their own admission the association with ESYS-Montenay was widely used and advertised and the plaintiff gained a lot from it, there was a clear dilution of the plaintiff's goodwill in the "ServiceMaster" name and a build up of the goodwill and reputation in the ESYS-Montenay name. No evidence was called to show how the relevant trade or public viewed the two names or to show if indeed the public associated the name ServiceMaster with the plaintiff and no one else.

The concept of distinctiveness is explained in *The Law of Passing Off* by Christopher Wadlow (2nd Edn) at p. 348 as follows:

> "Distinctive" is a term of art in the law of passing-off and bears a meaning at variance with that in everyday use. Matter such as a name, mark or get-up is said to be distinctive if it denotes the goods of the plaintiff to the exclusion of other traders. It is the significance which the relevant public attaches to the supposed mark which is all-important. Matter which is not relied on by the public in this way is not in law distinctive, irrespective of how novel, striking or different it may be. Conversely, matter may be distinctive in the legal sense although it is altogether unremarkable in its own right. What is important is the function the mark serves, rather than how well it is adapted to serve it.

Therefore, by its extensive association with the ESYS-Montenay logo after the tie-up, I find that the plaintiff's name lost is distinctiveness. The plaintiff is therefore unable to show to which name the public attaches significance and whether it still has that significance at all.

In any event, there is a failure to show goodwill in the relevant trade and business which is that of the provision of management and healthcare services. Even if the plaintiff has shown goodwill (which I do not so find) it is confined to the field of air-conditioning.

(b) Misrepresentation And The Likelihood Of Confusion

In *Brewster Trading v. Rocky Mountain Tours & Transport* [1931] 1 DLR 713 the court held that even if the defendants are held not to have any goodwill, the defendants' reputation was strong enough to negative that of the plaintiff and therefore there was held to be no misrepresentation. In the case before me I find that the plaintiff has failed to show there is a likelihood of confusion in that the public will think the defendants are the plaintiff. I find

that there is no likelihood of confusion with the 1st defendant because the 1st defendant's name is preceded with the letters MHL which stands for Medical Hall Limited.

(c) Secondary Meaning

The words Service Master are descriptive of the plaintiff's business and cannot be distinctive. This means that the plaintiff has to show that a "secondary meaning" has been acquired in law such that the public associate the name with them. This is not necessary when the words are non-descriptive, for example, a fancy word like "VIM" or "FAB" which does not directly describe the product. Where a trader chooses a name which describes his product or business a secondary meaning must be shown. For this to happen, the evidence must be far more substantial in that the plaintiff must show several years of use and business which results in the public associating the name with the plaintiff. The reason for this is that the law does not allow for a *monopoly* in descriptive terms. Lord Herschell in *Reddaway v. Banham* [1896] AC 199, 212, 213 said:

> ... I think the fallacy lies in overlooking the fact that a word may acquire in a trade a secondary signification differing from its primary one, and that if it is used to persons in the trade who will understand it, and be known and intended to understand it in its secondary sense, it will none the less be a falsehood that in its primary sense it may be true. A man who uses language which will convey to persons reading or hearing it a particular idea which is false, and who knows and intends this to be the case, is surely not to be absolved from a charge of falsehood because in another sense which will not be conveyed and is not intended to be conveyed it is true. In the present case the jury have found, and in my opinion there was ample evidence to justify it, that the words "camel hair" had in the trade acquired a secondary signification in connection with belting, that they did not convey to persons dealing in belting the idea that it was made of camel's hair, but that it was belting manufactured by the plaintiffs. They have found that the effect of using the words in the manner in which they were used by the defendants would be to lead purchasers to believe that they were obtaining goods manufactured by the plaintiffs, and thus both to deceive them and to injure the plaintiffs.

The principle in *Reddaway v. Banham* was applied in *Yomeishu Seizo Co Ltd & Ors v. Sinma Medical Products (M) Sdn Bhd* [1996] 2 MLJ 334 where V.C. George J (as he then was) found that "even if 'Yan Ming Jiu' in its primary meaning is descriptive of a class of medicinal wines it had come to refer in its secondary meaning to the product of the plaintiffs". Further this principle was also followed in *Reckitt & Colman Products Ltd v. Borden Inc & Ors* [1990] 1 All ER 873 where Lord Oliver stated at p. 885:

> ... even a purely descriptive term consisting of perfectly ordinary English words may, by a course of dealing over many years, become so associated with a particular trader that it acquires a secondary meaning such that it may properly be said to be descriptive of that trader's goods and of his goods alone, ...

Lord Jauncey goes on to say at p. 896 that:

> ... whether such a secondary meaning has been acquired must be a question of fact.

It is my finding that the plaintiff has failed to show that its name, albeit descriptive, has acquired this secondary meaning.

(d) The Likelihood Of Damage

To a pointed question as to whether the plaintiff has suffered any damage, PW1 answered in the negative. Clearly therefore there has been no actual damage. The only question the court must ask is if there is a likelihood of damage. It is my finding that the plaintiff has shown no evidence of the possibility of loss of sales. In fact, there has been no loss. The plaintiff has shown no inferior services or products by the defendants nor has it shown how there can be an erosion of its name. I am not unmindful of the decision in *Draper v. Trist and Tristbestos Brake Linings, Ltd* [1939] 56 RPC 429 wherein Goddard LJ said at p. 442:

> But, in passing-off cases, the true basis of the action is that the passing-off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business. The law assumes, or presumes, that, if the goodwill of a man's business has been interfered with by the passing-off of goods, damage results therefrom. He need not wait to show that damage has resulted: he can bring his action as soon as he can prove the passing-off, because it is one of the class of cases in which the law presumes that the plaintiff has suffered damage.

It is my judgment that there is no likelihood of damage that the plaintiff might suffer in the instant case. Since the plaintiff had failed to establish the tort of passing off, I dismissed the plaintiff's claim.

Should The 2nd Defendant's Trade Mark Be Expunged For Non-use, From The Register Of Trade Marks

The plaintiff referred me to s. 46(1)(b) of the Trade Marks Act 1976 (TMA) which reads:

> (1) Subject to this section and to section 57, the Court or the Registrar may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any goods or services in respect of which it is registered on the ground –

...

(b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.

The persons who are aggrieved are all persons who are in some way or other substantially interested in having the mark removed, and where it is a question of removal from the register, this would include all persons who would be substantially damaged if the mark remained. The grievance of the applicant must be substantial and not a merely fanciful suggestion (see *Wright, Crossley & Co T.M.* [1898] 15 RPC 131 at 133).

The plaintiff submitted that the fact that it is trading with the name ServiceMaster makes it an aggrieved party. The 2nd defendant's alleged evidence of use in 1967 is not substantiated by any proper documents. In any event, argued the plaintiff, this alleged use is immaterial to this application for the removal of its trade mark because under s. 46(1)(b) of the TMA, the relevant period of use taken into account must be a continuous period and not less than three years preceding the date of the application. The other alleged evidence of use by the defendants is an invoice dated 27 August 1990 for the supply of certain items for McAlister ServiceMaster (S) Pte Ltd to Apex Pharmacy Sdn Bhd. In cross-examination, DW2 testified that the first three items, that is spot remover, auto and nursery kits were small self contained kits that could be given as gifts to homemakers. The fourth item was a display kit for the above three items and the fifth item was a promotional guide on the use of these items. DW2 also confirmed that this sale was a mere isolated request for Apex Pharmacy to which the ServiceMaster group of companies responded. There is no evidence that the ServiceMaster trade mark appeared on these goods.

The final alleged use of the ServiceMaster name on its products was in 1995 as confirmed by DW1 in his affidavit. However, the 2nd defendant's products were available for use only in conjunction with the services provided by the 1st defendant to a limited number of healthcare institutions in Malaysia. DW1 also testified that the products were not sold to customers over the counter. Even as regards such alleged use there is no clear evidence that the registered mark ServiceMaster has been used in the said healthcare institutions in connection with the goods for which it is registered, that is cleaning and renovating preparations for room furnishings and building interiors. The above instances of use should not be regarded as sufficient use.

Hence, urged the plaintiff, the 2nd defendant cannot be regarded as having sufficient use of the trade mark in Malaysia to entitle it to remain on the Register of Trade Marks. There is no *bona fide* use in good faith of the registered trade mark. The plaintiff prayed for the trade mark to be removed for non use in Malaysia.

To succeed in its application for expungement of the 2nd defendant's trade mark the plaintiff has to satisfy the following:

(a) It must show that the plaintiff is an aggrieved person.

(b) That throughout a continuous period of three years ending on 17 May 1996 (which is one month prior to the filing of the originating motion) there was no use in good faith of the trade mark in relation to those goods by the 2nd defendant or the registered users of the trade mark.

(a) Is The Plaintiff An Aggrieved Person

The only reason given by the plaintiff that it is an aggrieved person is that it is trading with the name Service Master. In *Besalon International Limited & Ors v. South Strong Industries Sdn Bhd* [1997] 1 CLJ Supp 335 I said at p. 351:

> Anyone who can show he is in some way prejudiced by the wrongful entry qualifies as a person aggrieved. This can include, but is not limited to, a person who is carrying on trade in the same sort of goods as the articles for which the design is registered. See *Re Powell's Trade Mark* [1893] 10 RPC 195. The words "person aggrieved" or "prejudicially affected" have been given a wide interpretation as including all persons who have a real practical interest in the issue. This does not necessarily equate with manufacturing rights so long as the plaintiff can show that it has a real practical or genuine interest beyond that of a mere busybody. See *Re: Kodiak Trade* [1987] RPC 269.

To that I would by way of amplification add the words of Romer J in *In the matter of The Trade Mark No. 70,078 of Wright, Crossley, and Co* [1898] 15 RPC 131 at 135:

> ... an applicant, in order to show that he is a person aggrieved, must show that in some possible way he may be damaged or injured if the Trade Mark is allowed to stand; and by "possible" I mean **possible in a practical sense**, and not merely a fantastic view. (emphasis added)

In that case Romer J held that the applicants did not show any practical damage or injury occurring, or likely to occur if the trade mark was not removed. It was not enough that the applicant was at "loggerheads with the respondents or desire in someway to injure them". It is my finding that the plaintiff is not an "aggrieved person" as there is no possible or "practical"

damage to the plaintiff if the trade mark is allowed to remain in the register. The trade mark is registered in respect of cleaning and renovating preparations for room furnishings and interiors of buildings. Therefore this trade mark registration gives the 2nd defendant exclusive rights to use the word-mark "ServiceMaster" in relation to cleaning and renovating preparations for room furnishings and building interiors. There is no possible or "practical" damage to the plaintiff. The plaintiff does not trade in nor does business involving the use of cleaning and renovating preparations for room furnishings and building interiors. In fact the plaintiff does not trade in any goods bearing the ServiceMaster name as admitted by PW1 in cross-examination. The plaintiff is involved in the air-conditioning installation and maintenance business. In the circumstances it is my judgment that the existence of the trade mark in the Trade Mark Register does not damage nor pose any likelihood of damage to the plaintiff since there is no conflict in terms of the goods as well as the field of business activity.

(b) The Plaintiff's Survey Evidence

In *Imperial Group plc & Anor v. Philip Morris Limited & Anor* [1984] RPC 293 at 294 Whitford J stated that for a survey to have validity (a) the interviewees must be selected so as to represent a relevant cross-section of the public, (b) the size must be statistically significant, (c) it must be conducted fairly, (d) all the surveys carried out must be disclosed including the number carried out, how they were conducted, and the totality of the persons involved, (e) the totality of the answers given must be disclosed and made available to the defendant, (f) the questions must not be leading nor should they lead the person answering into a field of speculation he would never have embarked upon had the question not been put, (g) the exact answers and not some abbreviated form must be recorded, (h) the instructions to the interviewers as to how to carry out the survey must be disclosed and (i) where the answers are coded for computer input, the coding instructions must be disclosed.

With respect I accept and adopt these criteria as being fundamental in order for survey evidence to be of any weight. The plaintiff's survey failed to meet most of these *criteria* as it did not include a relevant cross section of the public. The plaintiff only restricted itself to cleaning companies. The defendants do not supply their products to cleaning companies but rather, their products are used in conjunction with the provision of services to the healthcare market. Cross-examination of DW1 was as follows:

> Q: How are they available in Malaysia?
>
> A: They are available for use in conjunction with the services provided by the 1st defendant. The goods are imported from the USA and are normally delivered within 30 days of the order.

Q: How are your products sold?

A: Our products are sold via contracts in place with our customers. Our contracts are of a fixed fee nature which includes all chemicals, equipment and services in the lump sum price. Our products are not sold to our customers on a per unit basis. Therefore, it is unlikely that our products would be found in any retail shop or supermarket.

The size of the plaintiff's survey is not statistically significant in that the survey was restricted only to the Klang valley. Only 13 cleaning companies were surveyed. It was also obvious under cross-examination that DW3 who did the survey, did not have any idea how many cleaning companies there were in the Klang valley. Further there was no disclosure in the report of how the survey was carried out and how many people were involved. This evidence was only extracted under cross-examination. The totality of the answers given were not disclosed and made available to the defendants. In fact the questions and answers were not even recorded. Since the questions were not recorded this court is unable to ascertain whether they were leading questions or whether they led the person answering, into a field of speculation he would never have embarked upon, had the question not been put. Further, the instructions to the interviewers as to how to carry out the survey are not disclosed.

In the case of *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 the respondent's survey was rejected by the Court of Appeal on the following grounds:

(1) the precise instructions given by Skrine & Co to the surveyors is not in evidence;

(2) the heading 'HUMMEL and Device - Research Study' does not positively establish whether the trade mark being investigated was HUMMEL (M) or HUMMEL (D). The expression 'HUMMEL and Device' very strongly suggests that the persons interviewed were being asked about the HUMMEL (M) mark which was accompanied by the half-moon device;

(3) the survey is not signed; and

(4) the persons who conducted the survey have not been identified.

In the same manner I make the following observations regarding the plaintiff's survey:

(a) The precise instructions given by Messrs Paul Chong & Kraal, the plaintiff's solicitors to the surveyors are not in evidence.

(b) The heading "REPORT - MHL-SERVICEMASTER SDN BHD" (p. 8 of CABD 8) does not indicate anything about the survey. Neither does the heading in Part B entitled "SUMMARY OF REVIEW OF CLEANING COMPANIES IN MALAYSIA USING/PROVIDING CLEANING PRODUCTS" indicate anything about the survey. There is no mention that the 2nd defendant's trade mark was being investigated. In fact, this heading is deceptive as it claims to be a review of cleaning companies in Malaysia. DW3 confirmed that her instructions were only to survey cleaning companies in the Klang valley.

(c) The survey is not signed.

(d) The persons who conducted the survey were not identified in the report. At trial, the plaintiff only produced DW3. It was later discovered in cross-examination that one other person was involved in the survey.

It is therefore my conclusion that due to the numerous defects in the conduct of the survey as well as in its reporting, the report ought to be rejected. I therefore had no hesitation in dismissing the plaintiff's application for expungement.

The Counterclaim Of The 2nd Defendant

The 2nd defendant alleged that it had been conducting business in Malaysia since 1964. The only evidence which purportedly seeks to prove this is a statutory declaration affirmed in November 1967 in support of the 2nd defendant's trade mark application in Malaysia (see p. 2 of CABD 24). According to DW1 this statutory declaration was the only evidence of use of the trade mark registered in Malaysia. It is pertinent to note that this statutory declaration is not supported by any exhibits such as invoices or shipping documents evidencing the use of the mark.

DW1 alleged that ServiceMaster Industries Inc (predecessor to The ServiceMaster Limited Partnership Company) started exporting goods for carpet cleaning to Malaysia soon after incorporation of the trade name "Service Master" in the United States of America. When questioned what goods were being sold through Carpet Manufacturing Company Sdn Bhd, DW1 testified that they were confined to carpet cleaning chemicals. He further placed a restriction on the range of goods supposedly being sold in Malaysia as stated in paragraph two of the statutory declaration. When questioned about Carpet Manufacturing Company Sdn Bhd and any other agencies utilised by the 2nd defendant to market its goods from 1967 and onwards, DW1 testified that he did not have that evidence. DW1 in his testimony could not provide supporting documentation such as invoices or shipping documents as to the use in Malaysia. It seems improbable that in 1967 the 2nd defendant, with no

evidence as to its size and trade internationally, could have chosen to market its ServiceMaster carpet cleaning products in Malaysia through any entity. In my view the statutory declaration could be a mere document filed to overcome the Registrar's objection as to the registrability of the descriptive words ServiceMaster as a trade mark.

The defendants had filed in evidence an affidavit affirmed in April 1996 by the vice president and associate counsel of the 2nd defendant stating *inter alia* it had the policy of retaining shipping and related documents for ten years only. Hence there was no available documentation for products sold or shipped to Malaysia in 1964, the date of registration of the trade mark. Even if this was the policy, the defendant should still be able to produce documentation from ten years preceding the date of the writ of summons. However, when questioned about this, DW1 testified that he was not aware of any documents prior to 1995 in Malaysia. DW1 testified that its products in Malaysia are used in conjunction with the services provided by the 1st defendant. He further elaborated that the products are not sold to individual customers and would not be found in retail shops or supermarkets. In his examination-in-chief, DW1 testified that the defendants' products had been used only since February 1995. When asked to substantiate the fact that products presented as exh. D8 were sold in Malaysia since 1995 as claimed, DW1 testified that he could not do so through any supporting documentation. With reference to its operations as at 31 December 1995, the defendant listed out its consumer and management functions in each of the countries specified on p. 114 of CABD 14. When asked why there were no business operations with respect to consumer goods in Malaysia as at 31 December 1995, DW1 testified that its services were not available to that market segment. He also confirmed that the products were provided to consumer groups as part of its service and concluded that there were no consumer services and products in Malaysia for 1995.

In his examination-in-chief, DW1 submitted that the 2nd defendant company was among the top 500 companies in Fortune Magazine. He alleged that this was an indicia of generally how well known his company was. However, during cross-examination, it was ascertained that the listing of the top 500 companies in the magazine is limited to those companies within the United States of America and not the whole world. In any event, the listing of the 2nd defendant as one of the top 500 companies, was for the year 1993.

Financial returns submitted in evidence by the defendants for their associate companies in other parts of Asia (outside of Malaysia) all indicate that there have been losses incurred by each from the time of incorporation until the fiscal years 1993/94. This evidence would indicate that there was not much of a presence of these companies in those respective markets.

According to Chang Chew Kient, the General Manager Asia of MHL ServiceMaster (S) Pte Ltd (DW2), the company known as McAlister ServiceMaster (S) Pte Ltd entered into a license agreement with the 2nd defendant on 28 October 1988. DW2 further testified that the 2nd defendant appointed McAlister ServiceMaster (S) Pte Ltd as its regional licensee for the region of Asia excluding Japan. However in cross-examination, he confirmed that in cl. 3 of the agreement on p. 33 of CABD 16, the territory for which the licensee was licensed to use the name and trade mark of ServiceMaster and ServiceMaster processes for support management services, was Singapore, Taiwan and Thailand and not Malaysia. He also went on to say that there was an option given to McAlister ServiceMaster (S) Pte Ltd to commence support management services in Malaysia. Nevertheless, when asked when this option was exercised to include Malaysia, DW2 testified that it was upon the signing of a license agreement between the 1st defendant and the 2nd defendant. The date of the exercise of the option should be 2 April 1996 since the only license agreement between the 1st defendant and the 2nd defendant submitted in evidence was dated 2 April 1996 even though DW2 maintained that there was a prior arrangement at the end of 1995. Documentary proof of such an arrangement was not submitted in evidence.

DW2 testified that the 1st defendant which was formerly known as Apex Pharmacy (Perak) Sdn Bhd had only changed its name to the current name of MHL ServiceMaster Sdn Bhd on 14 July 1994. According to DW2, McAlister ServiceMaster (S) Pte Ltd also changed its name to MHL ServiceMaster Pte Ltd on or about the same time in 1994 in Singapore. Prior to that, the 1st defendant company had ceased its operations in April 1991 and according to DW2, it was a dormant company until July 1994. In cross-examination, DW2 confirmed that there were no ServiceMaster operations through Apex Pharmacy (Perak) Sdn Bhd until it changed its name to the 1st defendant in July 1994. DW1 testified that the correspondences at pp. 38 and 39 of CABD 9 pertained to the privatisation of hospitals in Malaysia. Nevertheless, under cross-examination, DW2 clarified that the privatisation of support services had just commenced and the privatisation of food services was still pending with the EPU. In cross-examination it was revealed that the alleged "business transactions" referred to at pp. 40 to 47 of CABD 9 were actually documents relating to administrative and consultancy fees between the 2nd defendant and United MHL Sdn Bhd, a subsidiary of the 1st defendant. The purported MOU between the 1st defendant and Faber Group Berhad pertaining to the privatisation of hospital services in Malaysia was not dated and signed. In fact DW2 testified in cross-examination that the MOU was never concluded. In his examination-in-chief, DW2 testified to the existence of correspondence pertaining to the 1st defendant's alleged proposal with

Anikatek Sdn Bhd in Malaysia for the privatisation of non-medical services of general hospitals in Malaysia. He also stated that this indicated the 1st defendant's presence since 1991. However, when cross-examined, DW2 confirmed that the proposal he was referring to could not have referred to the 1st defendant. The defendants also put into evidence correspondence from local Malaysian companies enquiring about the operation of the ServiceMaster group of companies. When asked about the outcome of these enquiries, DW1 testified that he could not comment on this. The 1st defendant also put into evidence advertisements in local Malaysian newspapers for the recruitment of staff for the commencement of its operations in Malaysia. They were dated December 1995 and February 1996, well after the filing of the writ of summons by the plaintiff, and went merely to show that the 1st defendant was still only trying to commence operations after the commencement of these proceedings.

DW2 claimed that MHL ServiceMaster Pte Ltd first supplied ServiceMaster products to Apex Pharmacies Sdn Bhd in August 1990. This is verified by an invoice dated 27 August 1990. In cross-examination, DW2 testified that the products (namely items 1 to 3) were only small self-contained kits that could be given as small gifts to homemakers. Item 4 was a display kit for the above three items and item 5 was pamphlets and brochures on these items. DW2 also confirmed that to his knowledge this was the only one isolated request to which his group of companies responded.

Sivan a/l Muthusamy, the Regional Product Manager for Electrolux Commercial Products Sdn Bhd (DW3), testified that he had heard of the 2nd defendant in 1983 when he was in the United States of America for a corporate briefing. However, in cross-examination he testified that the 2nd defendant had no operations in Malaysia at that time. He further testified that his company sold commercial cleaning equipment under the Electrolux brand name to the 1st defendant since 1996. He confirmed that all these equipments carried the Electrolux trade mark and not the ServiceMaster trade mark. He also elaborated that the machines were manufactured by his Electrolux group of companies. He stated that his company would only manufacture machines under the ServiceMaster brand name intended for sale in the United States of America if there was a demand. He also said that his company did not manufacture machines for the 1st and 2nd defendants for use in Malaysia.

In all the circumstances therefore and having considered all the facts, I was satisfied that the 2nd defendant's counterclaim ought to be dismissed.

Since both the claim and the counterclaim were dismissed I exercised my discretion and ordered that each party was to bear its own costs.

Reported by Anne Soh